



Poland Daily

HEADLINES...

POL: Jerzy Plewa, Director in Directorate General of Agriculture and Rural Development said that in new EU budget direct payments to Poland's farmers would drop by 0.9% only. At the same time subsidies under Common Agricultural Policy would be contingent on fulfilment of rule of law principle.

POL: President Duda proposed 15 questions for constitutional referendum he wants to be organised in November this year. Full text of the proposal will be known when it reaches the Senate. The first questions is on whether to amend constitution or to rewrite it from the scratch. The second and third questions pertain to mandatory constitutional referendum before any change in constitution, to be organised on a motion supported by one million of citizens. Another question pertains to non-infringement of acquired laws, like 500+ child subsidy or entitlement to early retirement. There is also a question on extending competencies of President. Ruling Law and Justice is to comment on these questions and on the issue of the referendum itself after the proposal reaches Senate.

THE DAY AHEAD...

POL: current account (Apr)

UK: CPI (May)

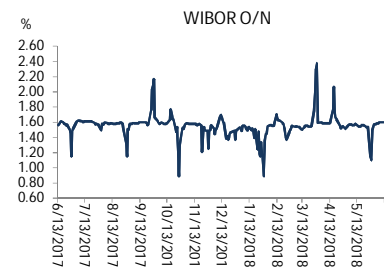
EMU: Industrial production (Apr)

USA: FOMC decision, PPI (May)

TODAY'S FOCUS:

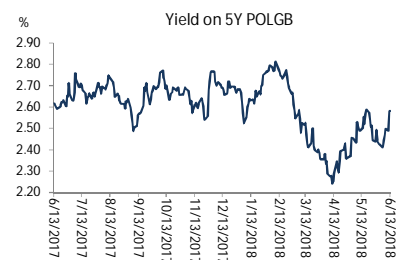
Today market participants will focus on FOMC decision. We expect the Fed to hike interest rates by 25 bps, in line with widespread market expectations. Market players will be interested in new set of projections for the US economy, including potential changes to "dot plot" summarizing expectations of FOMC members on level of interest rates in the future.

Figure 1: WIBOR O/N



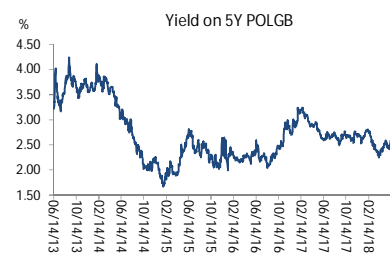
Source: Bloomberg

Figure 2: Yield on 5Y POLGB



Source: Bloomberg

Figure 3: Yield on 5Y POLGB – long term trend



Source: Bloomberg

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
UK	8:30	Inflation (May)	0.4%		0.4% (2.4%)
EMU	9:00	Industrial production (Apr)	-0.7%		-0.7% (2.5%)
POL	12:00	Current account (Apr)	EUR-530mn		EUR-253mn
POL	12:00	Trade balance (Apr)	EUR290mn		EUR-76mn
USA	12:30	PPI (May)	0.3% (0.2%)		0.3% (0.2%)
USA	18:00	FOMC decision	1.75%-2.00%		1.75%-2.00%

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was 0.4% weaker versus the USD and was unchanged versus the EUR compared to the last NBP fixing. Today the zloty should be moving within a range of PLN4.2650-4.2950 per EUR.

Today in the morning the USD firmed ahead of FOMC decision on interest rates this evening at 18.00 GMT.

Fixed Income

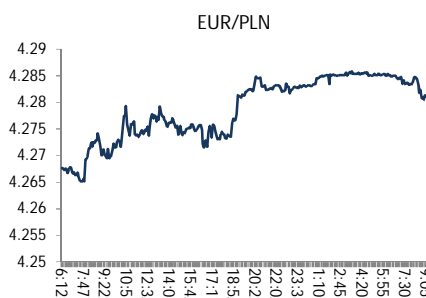
The yields on Poland's government bonds were 5-6bps down in medium and long segments of the curve.

Interest Rates

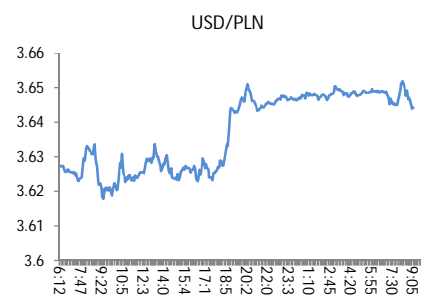
Today the O/N bid rate should be within a range of 1,30%-1,50%. Swap rates were 7bps down in 5-year and 10-year sectors.

Equities

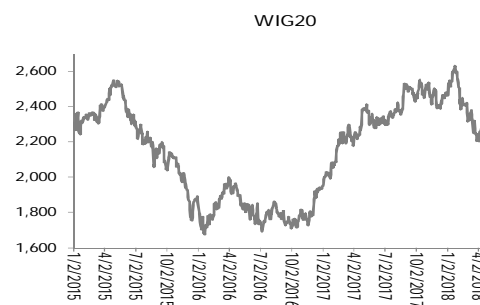
Yesterday the Dow Jones index closed 0.01% down. Today in the morning the FTSE index was 0.11 down, the CAC index rose by 0.10% and the DAX index was unchanged. The Nikkei index closed 0.38% up. Today in the morning the WIG20 index was 0.22% down and the WIG index was 0.14% down.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 13 June 2018 (7:00 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN forwards	bid	offer	EUR/PLN forwards	bid	offer	
USD/PLN	3.6422	3.6271	0.4%	SPOT	3.6414	3.6429	SPOT	4.2785	4.2798	
EUR/PLN	4.2792	4.2776	0.0%	S/N	3.6412	3.6428	S/N	4.2792	4.2806	
GBP/PLN	4.8647	4.8604	0.1%	1W	3.6411	3.6427	1W	4.2802	4.2816	
CHF/PLN	3.6871	3.6862	0.0%	1M	3.6390	3.6406	1M	4.2860	4.2876	
SEK/PLN	0.4218	0.4193	0.6%	2M	3.6369	3.6387	2M	4.2933	4.2951	
NOK/PLN	0.4531	0.4526	0.1%	3M	3.6345	3.6365	3M	4.3009	4.3028	
DKK/PLN	0.5743	0.5742	0.0%	6M	3.6264	3.6287	6M	4.3230	4.3255	
CAD/PLN	2.7942	2.7910	0.1%	12M	3.6051	3.6086	12M	4.3688	4.3741	
CZK/PLN	0.1664	0.1669	-0.3%							
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change	
EUR/USD	1.1749	1.1793	-0.4%	O/N	1.60 %	0 bp				
USD/JPY	110.57	110.23	0.3%	1W	1.56 %	0 bp				
GBP/USD	1.3357	1.3400	-0.3%	1M	1.64 %	0 bp	1M			
USD/CHF	0.9879	0.9840	0.4%	3M	1.70 %	0 bp	3M	%	bp	
EUR/JPY	129.91	129.99	-0.1%	6M	1.78 %	0 bp	6M	%	bp	
EUR/GBP	0.8797	0.8801	0.0%	9M	1.79 %	0 bp	9M	%	bp	
USD/CAD	1.3035	1.2996	0.3%	12M	1.82 %	0 bp	12M	%	bp	
				FRAs (mid)	Last closing		T-Bonds (mid)	Today's opening	1-day change	
				1X2	1.65	1X7	1.78	2Y	1.64 %	0 bp
				2X3	1.66	3X9	1.79	5Y	2.58 %	-5 bp
				1X4	1.70	6X12	1.83	10Y	3.24 %	-6 bp
				3X6	1.73					
				6X9	1.75					
				9X12	1.80					
				IRS (mid)	Today's opening	1-day change				
				2Y	1.93 %	-2 bp				
				5Y	2.49 %	-7 bp				
				10Y	3.01 %	-7 bp				
				5Y-2Y	56 bp	-5 bp				
				10Y-5Y	52 bp	0 bp				
				10Y-2Y	108 bp	-5 bp				



Appendix 1

Important Disclosures

Additional information available upon request

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